

# FINANCING

## COLLATERAL

Loans must be secured by a first or second security interest on fixed assets, equipment, inventory or other reasonable sources of available collateral.

## OTHER CRITERIA

- Refinancing of debt is not eligible.
- Financing cannot be more than 50% of a project's capitalization needs.

## APPLICATION PROCESS

- To determine whether or not your project is eligible, contact your local financial institution, economic development office or the NDDF staff. An early meeting between investors, entrepreneurs, community developers and other appropriate team players is recommended.
- After submitting sufficient information to determine the merits of your request, the NDDF staff requires a 15-20 day lead time to conduct due diligence.
- After board review, applicants receive written notice of approval or denial. Once you accept the commitment letter and provide necessary documents, closing takes place. This process usually takes 15-30 days.



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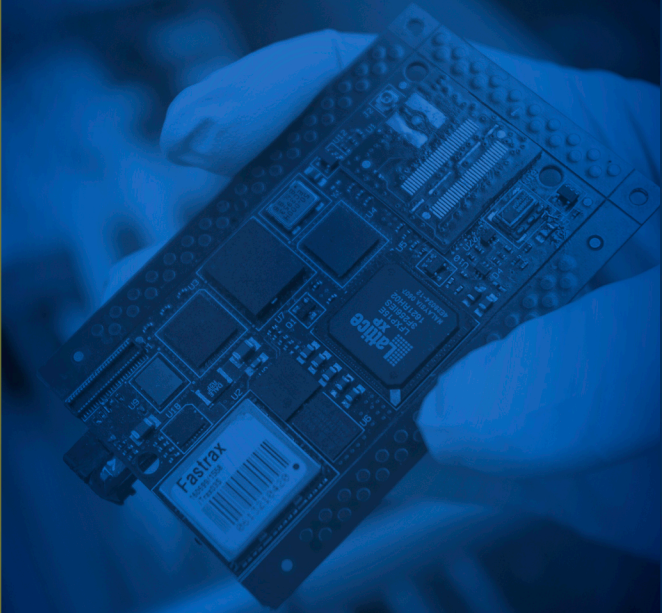
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**NDDevelopmentFund.com**



## North Dakota Development Fund



# GROWING BUSINESSES

## NORTH DAKOTA DEVELOPMENT FUND

The North Dakota Development Fund (NDDF) provides flexible gap financing for new or expanding primary sector businesses in North Dakota. Funds are available through direct loans, participation loans, subordinated debt and equity investments. Funds may be used for real property, equipment and working capital.

## RURAL REVOLVING LOAN FUND

The NDDF also administers the Regional Rural Revolving Loan Fund, which provides financing for primary sector businesses located in a community of less than 8,000 in population or located more than five miles outside of city limits.

## PRIMARY SECTOR

Primary sector includes individuals and businesses which, through the employment of knowledge or labor, add value to a product, process, or service that results in the creation of new wealth. Primary sector includes tourism, but not production agriculture, and is typically businesses such as manufacturers, food processors or exported service companies.

## TOURISM CRITERIA

Tourism projects must be focused on attracting out-of-state visitors and meet a 100 point scale based on these criteria: uniqueness, attractability, length of stay, location, marketing, hospitality and overall impression.





# NDDF Loan Programs

	North Dakota Development Fund		Revolving Rural Loan Fund		Rural Incentive Growth Program	Childcare Loan Program	New Venture Capital Program		Entrepreneur Loan Program	Entrepreneur Center Loan Program	
BORROWER	Any primary sector business		Any primary sector business		Cities with populations of less than 2,500	Any licensed childcare center	Any primary sector business		Any business	Any approved Entrepreneurial Center	
FUNDING LIMIT	Maximum of \$300,000 and based on job requirement		Maximum of \$300,000 and based on job requirement		Maximum of \$75,000	Maximum of \$100,000	Maximum of \$300,000		Maximum of \$20,000	Maximum of \$50,000 per year with an aggregate maximum of \$250,000	
INTEREST RATE	Lower than market rate - subject to risk of project		Lower than market rate - subject to risk of project		Lower than market rate - subject to risk of project	2.5% - Subject to risk of project	Lower than market rate - subject to risk of project		Lower than market rate - subject to risk of project	Lower than market rate - subject to risk of project	
TERM	Working capital 1-3 years, equipment 3-5 years, real estate 7-10 years		Working capital 1-3 years, equipment 3-5 years, real estate 7-10 years		Working capital 1-3 years, equipment 3-5 years, real estate 7-10 years	Working capital 1-3 years, equipment 3-5 years, real estate 7-10 years	Working capital 1-3 years, equipment 3-5 years, real estate 7-10 years		Working capital 1-3 years, equipment 3-5 years, real estate 7-10 years	Working capital 1-3 years, equipment 3-5 years, real estate 7-10 years	
MINIMUM EQUITY REQUIREMENTS	15%		15%		15%	15%	15%		15%	15%	
CORPORATE/PERSONAL GUARANTEES	Yes		Yes		Yes	Yes	Yes		Yes	No	
QUALIFICATIONS	A North Dakota business		A North Dakota business		A North Dakota business that provides a community an essential service with ND Dept. of Commerce Commissioner approval	Licensed North Dakota childcare provider	A North Dakota business		A North Dakota business that uses services of a certified Entrepreneurial Center	Certified by the ND Dept. of Commerce	
COST AND FEES	1% of original loan or equity balance		1% of original loan or equity balance		1% of original loan or equity balance	Negotiable	1% of original loan or equity balance		Negotiable	Negotiable	
MISCELLANEOUS	For businesses located in cities with a population of 8,000 or more		For businesses located in cities with a population of less than 8,000 or more than 5 miles outside city limits		The loan is made to the city which in turn loans to the business  Does not have a job requirement	Total amount of funding available \$1,250,000  Does not have a job requirement	Does not have a job requirement  Equity financing available		For every \$4 of state funds \$1 of non-state matching funds is required	For every \$1 of state funds \$1 of non-state matching funds is required	
	Loan amount based on job creation of \$20,000 per FTE created		Loan amount based on job creation of \$30,000 per FTE created						Total amount of funding available \$1 million shared with Entrepreneur Center Loan Program	Total amount of funding available \$1 million shared with Entrepreneur Center Loan Program	
	Equity financing available		Equity financing available						Does not have a job requirement	Does not have a job requirement	